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ILLINOIS INDUSTRIAL
DEVELOPMENT AUTHORITY
Marion, Illinois

ANNUAL REPORT
June 30, 1973

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ILLINOIS INDUSTRIAL DEVELOPMENT AUTHORITY

The enclosed report is an accounting of the Authority's activities to date, and specifically, for fiscal year 1973. The Authority normally works quietly, behind the scene, and consequently, many Local Development groups, and industrial firms are unaware of the possibilities that IIDA may offer. We invite your inquiries and questions. Please address all correspondence to:

Illinois Industrial Development Authority
% State Regional Office Building
2209 West Main Street
Marion, Illinois 62959

Phone #618-997-4371, extension 397



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ILLINOIS INDUSTRIAL DEVELOPMENT AUTHORITY

SUMMARY OF ACTIVITIES TO DATE

The Illinois Industrial Development Authority is a State of Illinois Agency created by action of the 76th Illinois General Assembly and the Governor. The main purpose of the Authority is to help create the greatest number of permanent new jobs possible in labor-surplus areas, by maximizing the funds available to it. Through cooperation with the Small Business Administration, Economic Development Administration, banks and local development corporations, the Authority has helped create 431 new jobs as of the end of fiscal year 1973. Following is a brief summary of all current loans reflecting up-to-date employment figures:

| Company | County | Amt. of Loan | Employment | | |
|---|------------|-------------------|------------|------------|------------|
| | | | Initial | Current | New Jobs |
| Benton Civic & Ind. Assn. (Drainage Engr. Co.) | Franklin | \$ 122,000 | 0 | 52 | 52 |
| Paul Gayer Co. | Franklin | 36,000 | 0 | 65 | 65 |
| Top Cat Fish Farms | Saline | 25,000 | 0 | 12 | 12 |
| Energy Culvert Co. | Williamson | 32,000 | 0 | 7 | 7 |
| Tamara Foods, Inc. | St. Clair | 90,000 | 35 | 35 | -- |
| Federal Landscaping Co. | Saline | 50,000 | 25 | 77 | 52 |
| Universal Air Filter Co. | St. Clair | 30,000 | 13 | 37 | 24 |
| PADCO (Cache River Lbr) | Alexander | 38,410 | 20 | 42 | 22 |
| Roper Plastics Co. | Jersey | 91,702 | 0 | 57 | 57 |
| PADCO (Tammsco, Inc.) | Alexander | 50,000 | 20 | 34 | 14 |
| Air Stamping, Inc. | Franklin | 80,000 | 12 | 32 | 20 |
| National Transformer Corp. | Williamson | 36,629 | 65 | 138 | 73 |
| B & C Cabinets, Inc. | Hamilton | 90,000 | 14 | 47 | 33 |
| | | <u>\$ 771,741</u> | <u>204</u> | <u>635</u> | <u>431</u> |

The Authority, through careful evaluation of each application, has been able to create 431 new jobs at an average cost to the Authority of \$1,790 per job.

The Authority attempted to determine what percentage of the 431 new employees had been receiving some form of Public Aid prior to their being hired by one of the companies assisted by IIDA. The survey revealed that about 20%, or 86 of these employees had been recipients of Public Aid in the period immediately preceding their employment. Public Aid Statistics reveal that the average family size of their clients is 4, and approximately \$2,916 is expended yearly on each family. This would indicate a net annual savings to the State of Illinois of at least \$250,776 through the creation of these new jobs by the Authority

The results of the Authority's efforts to date have carried out the original intention of the State Legislature.

Fiscal year 1973 began with a \$ 300,000 allotment remaining from the original \$ 1,000,000 appropriation. IIDA was also without the services of a General Manager from March 15, 1972, to September 1, 1972. The members of the Authority, all of whom serve without pay, filled the void until Lee Roy Brandon was elected as General Manager. Mr. Brandon assumed his duties on September 1, 1972.

It was decided not to ask the General Assembly for additional funds for fiscal year 1974 other than those sufficient to cover administrative expenses. It appears that the Authority will have available funds for loan purposes approximating the total amount loaned during fiscal year 1973, depending upon the repayment experience of our existing loans, and new loans made during early fiscal year 1974. The Authority has reached the point where the original one million dollar appropriation has become a "revolving fund", in a somewhat limited sense. The members of the Authority are constantly alert for new methods of financing, however, and even now are exploring future possibilities with other government lending agencies.

The following loans were approved by IIDA from September 1, 1972 to June 30, 1973:

| | | |
|------------------|---|------------------|
| \$ 80,000 | - Air Stamping, Inc., Christopher (Franklin) | 12/1/72 - 5 3/4% |
| 50,000 | - PADCO (Tammsco, Inc.), Tamms (Pulaski) | 3/23/73 - 6 1/4% |
| 36,629 | - National Trans. Corp., Johnston City (Wmson) | 6/15/73 - 7 1/2% |
| 90,000 | - B & C Cabinets, Inc., McLeansboro (Hamilton) | 6/27/73 - 7 1/2% |
| <u>\$256,629</u> | - Total loans approved during fiscal year 1973. | |

Following is a brief summary of each loan;

Air Stamping, Inc. located in Christopher, Ill., is primarily a specialty machine shop, engaged in the design and manufacturing of tools and dies, jigs, fixtures and metal stampings. Their primary customers are coal mines and other companies in Southern Illinois. The \$ 80,000 loan was used to build a new 8,400 sq. ft. addition to their existing building. At the time of their application, employment was 12. It is now 32, and expected to be 42 before December 31, 1973. The Authority holds a first mortgage on both the new construction and the original building as security for the loan.

The Pulaski Alexander Development Corporation (PADCO) made application to the Authority for assistance in purchasing Tammsco, which mines and processes amorphous silica in Tamms, Ill. PADCO leased the plant to two individuals on a lease purchase arrangement. SBA

approved a 502 loan to PADCO and together with the loan from the Authority, they were able to purchase the mill and save 20 jobs that had been threatened if the plant had closed. Since the new owners have taken over operation of the plant, not only have the 20 jobs been saved, but 14 new ones have been added. The Authority's security for this loan is a second mortgage on all properties, plus the personal guarantee of the two lessors. SBA holds a first mortgage.

National Transformer Corporation, Johnston City, Illinois, has been manufacturing and marketing electrical transformers since 1967. They have been using a 8,364 sq. ft. building owned by a group of private investors in the community. The lease arrangements were very favorable to NTC, but expired on June 30, 1973. NTC was unsuccessful in its attempts to renegotiate the lease, and the decision was reached by company officials to purchase the facility, plus additional lots for employee parking. The \$ 36,629 loan from the Authority was used to purchase the building, insulate the ceiling, purchase and improve three additional lots. The Bank of Marion, Illinois, also participated in the project. Employment at NTC was 65 during the time the application was filed with the Authority. Present employment is 137 and a second shift has been added. The company's net profit position has improved correspondingly since the loans were made. The Authority received a second mortgage on the property, plus the personal guarantee of the three principal officers of the corporation, as security.

B & C Cabinets, Inc., located in McLeansboro, Illinois, builds kitchen cabinets and counter tops. They had outgrown their original 4,000 sq. ft. building, and had leased all available space in McLeansboro for storage. They had been forced to turn down over \$ 1,000,000 in new business during the preceding three months, due to limited production and storage facilities. The proceeds of the \$ 90,000 loan will be used to construct two - 6,000 sq. ft. buildings. One will be used for mill working, and the other as a finish area, and will be dust free. Employment, at the time of application, was 14. As soon as the two buildings are constructed, the owners anticipate hiring an additional 33 workers. Security for the loan is a first mortgage on all properties, including 12 acres of ground.

Two other items that occurred during fiscal year 1973 had a direct affect upon the Authority, and should be included in this report.

In March, 1973, the American Fiber Glass, Inc., located in Goreville, Illinois, was completely destroyed by fire. The company was engaged in the manufacturing of fiber glass boats and canoes. The Authority had approved a \$ 25,000 loan to the company, during September, 1971. The balance due the Authority, at the time of the fire, was \$ 22,689.19 which was paid by the insurance companies to IDA. Employment, at the time

of the fire, was 36. With the peak season for canoes fast approaching, the Fish and Wildlife Service, SBA, the Department of Business and Economic Development, and the Authority, jointly arranged for American Fiber Glass, Inc., to occupy an empty 10,000 sq. ft. building in the Ordill area, located 7 miles south of Herrin, Illinois. The company was able to resume production in 30 days, and presently, employment is 74 with every indication it will approach 100 within a few months. Mr. Deeter, President of American Fiber Glass, Inc. considers the Ordill location as "temporary", and expects to move into a permanent building within the next 24 months. He has indicated that he will re-apply for a loan from the Authority for assistance in constructing new production facilities.

Also, during March, 1973, the Bank of Marion, Illinois, initiated foreclosure proceedings against McBride Builders, Inc., a home building firm located west of Marion, Illinois. The Authority had participated in the project with the Bank of Marion, by loaning \$ 30,000 to McBride Builders, Inc., and receiving a mortgage, second to the one held by the Bank of Marion. The Authority made the decision, that in return for a quit claim deed to the property by McBride Builders, Inc., they would pay in full the obligation owing to the Bank of Marion by McBride Builders, Inc. This amounted to \$ 48,223.85 and was paid June 8, 1973. The foreclosure suit was dismissed and the Authority became owners in fee simple of the property on June 13, 1973. The balance due the Authority by McBride Builders, Inc., at the time of foreclosure, was \$ 28,231.94. The Authority appraised the value of the property at \$ 79,000. It now appears that a small industry, engaged in the rebuilding of automobile starters, water and fuel pumps, etc., will purchase the property from the Authority, and IIDA will recover all money spent on the property, plus interest. This industry will employ from 30 - 40 during the first year of operation.

In summary, the Authority made four loans during fiscal year 1973, totaling \$ 256,629.00. The number of new jobs created or old jobs saved totaled 160, for an average cost per job of \$ 1,604, which is an excellent ratio when measured by generally acceptable yardsticks.

The Authority meets monthly, or as often as necessary, to consider loan applications. We are prepared to make a final decision, and disburse the funds, with a minimum of delay. The prospective applicant should keep the following points in mind;

1. The project must take place in a eligible area;
2. Proceeds of loans from the Authority may only be used for land and buildings - either new construction or expansion of existing facilities;
3. The funds must be used for industrial or manufacturing projects.

Loan applications are available at our office.

ACCOUNTANT'S REPORT

The accompanying Balance Sheet of the Illinois Industrial Development Authority as of June 30, 1973, and the related statements of Cash Receipts and Disbursements, Reconciliation of Fund Balance, and Appropriations and Allotments for the year then ended were not audited by me and I express no opinion on them.

According to statute, an audit of the records of the Illinois Industrial Development Authority is required every two years. The last audit conducted covered the fiscal year ended June 30, 1972. The next required audit will cover the two years ending June 30, 1974. The aforementioned statements are interim statements prepared from books and records maintained by Authority personnel. These records are summarized by me on a monthly basis for purpose of preparing reports for the Authority directors.

Respectfully submitted,

William E. Brown, Jr.

ILLINOIS INDUSTRIAL DEVELOPMENT AUTHORITY
Marion, Illinois
BALANCE SHEET
June 30, 1973

Assets

| | |
|--|-----------------------------|
| State of Illinois Funds, Appropriation Balance (Exhibit D) | \$ 38,586.98 |
| Cash in Bank, Marion, Illinois (Exhibit B) | 15,899.10 |
| Loans Receivable | 722,349.23 |
| U. S. Treasury Bills (At Cost) | 44,272.70 |
| Certificates of Deposit | 50,000.00 |
| Land (McBride Builders Property) | 76,967.06 |
| Furniture, Fixtures and Equipment (Capitalized) | <u>2,244.19</u> |
| Total Assets | <u><u>\$ 950,319.26</u></u> |
| Fund Balance (Exhibit C) | <u><u>\$ 950,319.26</u></u> |

ILLINOIS INDUSTRIAL DEVELOPMENT AUTHORITY
Marion, Illinois
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
Twelve Months Ended June 30, 1973

| | Springfield, Illinois Office | Marion, Illinois Office |
|--|------------------------------------|-------------------------------|
| Receipts: | | |
| Administrative Allotments | \$ 24,233.62 | |
| Loan Allotments | 256,700.00 | |
| Loan Principal Payments | | \$ 55,976.91 |
| Interest on Loans | | 32,575.39 |
| Interest on Investments | | 4,136.41 |
| Loan Application Fees | | 300.00 |
| Loan Allotments Transferred from Springfield Office | | 256,629.00 |
| Matured U. S. Treasury Bills (At Cost) | | 252,075.81 |
| Total Receipts | <u>\$ 280,933.62</u> | <u>\$ 601,693.52</u> |
| Disbursements: | | |
| Loan Allotments Transferred to Marion Office | \$ 256,629.00 | |
| Loans Made | | \$ 256,629.00 |
| Purchased U. S. Treasury Bills (At Cost) | | 276,380.62 |
| Purchased Time Certificates of Deposit | | 35,000.00 |
| Mortgage Paid (McBride Builders Property) | | 48,671.85 |
| Administrative Expense (Schedule B) | 21,197.11 | 8,136.59 |
| Legal Fees (McBride Builders Property) | | 63.27 |
| Total Disbursements | <u>\$ 277,826.11</u> | <u>\$ 624,881.33</u> |
| Excess Receipts Over Disbursements * | <u>\$ 3,107.51</u> | |
| Excess Disbursements Over Receipts | | \$ (23,187.81) |
| Cash Balance, Marion, July 1, 1972 | | 39,086.91 |
| Cash Balance, Marion, June 30, 1973 (Exhibit A) | | <u>\$ 15,899.10</u> |

* This balance reverts back to the State of Illinois and will not be available for use in subsequent years.

() - Indicates Red Figure

ILLINOIS INDUSTRIAL DEVELOPMENT AUTHORITY
Marion, Illinois
SCHEDULE OF ADMINISTRATIVE EXPENSES
Twelve Months Ended June 30, 1973

| | <u>Springfield Office</u> | <u>Marion Office</u> | <u>Total</u> |
|--------------------------------|-------------------------------|--------------------------|---------------------|
| Salaries | \$ 18,851.96 | | \$ 18,851.96 |
| Social Security and Retirement | 2,256.24 | | 2,256.24 |
| Rent | | \$ 1,967.00 | 1,967.00 |
| Supplies and Postage | | 447.12 | 447.12 |
| Travel and Lodging | | 2,268.49 | 2,268.49 |
| Meeting Expense | | 196.14 | 196.14 |
| Legal and Audit | | 1,998.06 | 1,998.06 |
| Telephone | 67.99 | 609.91 | 677.90 |
| Equipment Lease | | 446.64 | 446.64 |
| Dues and Subscriptions | | 171.40 | 171.40 |
| Miscellaneous | 20.92 | 31.83 | 52.75 |
| | <u>\$ 21,197.11</u> | <u>\$ 8,136.59</u> | <u>\$ 29,333.70</u> |

ILLINOIS INDUSTRIAL DEVELOPMENT AUTHORITY
Marion, Illinois
RECONCILIATION OF FUND BALANCE
June 30, 1973

| | | |
|--|-----------------|-----------------------------|
| Fund Balance, July 1, 1972 (Per Audit) | | \$ 945,748.67 |
| Add Income Received: | | |
| Interest on Loans (Exhibit B) | \$ 32,575.39 | |
| Interest on Investments (Exhibit B) | 4,136.41 | |
| Loan Application Fees (Exhibit B) | <u>300.00</u> | |
| | | <u>37,011.80</u> |
| | | \$ 982,760.47 |
| Subtract: | | |
| Administrative Expense (Schedule B) | \$ 29,333.70 | |
| Unexpended Allotments Returned to State of Illinois (Exhibit B) | <u>3,107.51</u> | |
| | | <u>32,441.21</u> |
| Fund Balance, June 30, 1973 (Exhibit A) | | <u><u>\$ 950,319.26</u></u> |

ILLINOIS INDUSTRIAL DEVELOPMENT AUTHORITY
Marion, Illinois
APPROPRIATIONS AND ALLOTMENTS
Year Ended June 30, 1973

| | | |
|--|-------------------|----------------------------|
| Appropriation Balance, June 30, 1972 | | \$ 316,411.50 |
| Administrative Allotments (Exhibit B) | \$ 24,233.62 | |
| Less Balance of Unexpended Allotments from Year Ended June 30, 1972 | <u>3,109.10</u> | |
| Current Administrative Allotments | \$ 21,124.52 | |
| Loan Allotments (Exhibit B) | <u>256,700.00</u> | |
| Total Allotments, Year Ended June 30, 1973 | | <u>277,824.52</u> |
| Appropriation Balance, June 30, 1973 (Exhibit A) | | <u><u>\$ 38,586.98</u></u> |



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